

EXHIBIT 119

CEDENCO JV AUSTRALIA PTY LTD, et al.

SCOTT DYE - Vol. I
August 16, 2011

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UNITED STATES BANKRUPTCY COURT

FOR THE NORTHERN DISTRICT OF CALIFORNIA

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In re:)
) NO. 10-35002
CEDENCO JV AUSTRALIA PTY LTD, et)
al, (In Liquidation),) Chapter 15
)
Debtors in Foreign Proceedings.)
_____)

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Fresno, California

August 16, 2011

The deposition of SCOTT DYE was taken in the above-entitled matter pursuant to all of the provisions of law pertaining to the taking and use of depositions before Amanda Scott, CSR, with offices at Fresno, California, commencing at the hour of 2:22 p.m. at the law offices of McCormick, Barstow, Sheppard, Wayte & Carruth, 5 River Park Place East, Fresno, California.

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<p>1 INDEX CONTINUED</p> <p>2</p> <p>3 EXHIBITS</p> <p>4 NO. DESCRIPTION PAGE</p> <p>5 70 December 18, 2007 Letter From Gary Perry 61</p> <p>6 71 January 14, 2008 Letter From Gary Perry 62</p> <p>7</p> <p>8</p> <p>9</p> <p>10</p> <p>11</p> <p>12</p> <p>13</p> <p>14</p> <p>15</p> <p>16</p> <p>17</p> <p>18</p> <p>19</p> <p>20</p> <p>21</p> <p>22</p> <p>23</p> <p>24</p> <p>25</p>	<p>1 BY: SCOTT LEWIS</p> <p>2 FOR THE WITNESS:</p> <p>3 McCormick, Barstow, Sheppard, Wayte & Carruth</p> <p>4 Attorneys at Law</p> <p>5 5 River Park Place East</p> <p>6 Fresno, California 93720</p> <p>7 (559) 433-1300</p> <p>8 benjamin.nicholson@mccormickbarstow.com</p> <p>9 BY: BENJAMIN T. NICHOLSON</p> <p>10 Also Present: John Sheahan</p> <p>11 ---oOo---</p> <p>12 SCOTT DYE,</p> <p>13 called as a witness herein, having</p> <p>14 been heretofore duly sworn,</p> <p>15 testified as follows:</p> <p>16 ---oOo---</p> <p>17 (Exhibit 1 was marked for identification.)</p> <p>18 EXAMINATION BY MR. CHRISTMAS</p> <p>19 Q. Good morning, Mr. Dye. My name is</p> <p>20 Robert Christmas, I'm with Nixon Peabody. I'm counsel to</p> <p>21 Mr. Sheahan, who's sitting to my right, as well as</p> <p>22 Ian Lock, who's the other liquidator in these chapter 15</p> <p>23 bankruptcy proceedings.</p> <p>24 Just as a preliminary, have you ever been</p> <p>25 deposed before?</p> <p>A. Yes, I have.</p> <p>Q. So you understand the procedure, that we can't</p> <p>talk at the same time, court reporter can't take it down,</p>

2 (Pages 2 to 5)

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<p>1 two people talking at once. So if you would, for 2 example, wait until the end of my question, you may</p> <p>4 to be that way, so in order to keep the record clear if 5 you would let me finish my questions before you answer, 6 that will help.</p> <p>7 Also, the court reporter can't take down nods, 8 so you have to answer "yes" or "no," answer verbally 9 rather than by gestures.</p> <p>10 Also, are you taking any medication today that 11 would interfere with your ability to remember events? 12 A. No, I am not.</p> <p>13 Q. Or tell events? 14 A. No.</p> <p>15 Q. And do you suffer from any physical condition 16 that affects your memory? 17 A. No.</p> <p>18 Q. Now, in front of you should be Exhibit 1. 19 MR. NICHOLSON: I'm sorry. Mr. Christmas, were 20 you handing this to me for us to share? 21 MR. CHRISTMAS: No, no. He has the original in 22 front of him. 23 BY MR. CHRISTMAS: 24 Q. At the top is the notice of deposition, which 25 you probably haven't seen before, with the second part of</p>	<p>1 Q. Were any of the documents that you produced, 2 other than e-mail, I'll get to e-mail in a second, were</p> <p>4 A. Yes, they were.</p> <p>5 Q. And how do they achieve that status? Do you 6 scan them? 7 A. I believe they were just produced within the 8 computer or transferred electronically in some fashion on 9 the drive that we provided you today. There are, I 10 believe, some Excel files.</p> <p>11 Q. And so the people, the custodians of e-mails 12 who were searched were Ms. Garone and your e-mail inbox? 13 A. Correct.</p> <p>14 Q. Anyone else's e-mail inbox? 15 A. She may have required Mr. Bristol, his e-mails, 16 to obtain additional e-mails from when she was first 17 asked to search the records.</p> <p>18 Q. For the record, some documents were just 19 produced to us prior to the commencement of the 20 deposition. Can you tell me how those documents came to 21 light? 22 A. I was reviewing additional e-mails regarding 23 another matter and noticed one referencing a document, 24 and I went to the files and found that document.</p> <p>25 Q. Which files are those?</p>
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<p>1 the exhibit as the subpoena. 2 Have you seen that document before? 3 A. Actually, I have seen the notice of deposition. 4 I don't recall seeing the subpoena specifically, no. I 5 think Mr. Nicholson has conveyed to me the requirements 6 of the subpoena.</p> <p>7 Q. So you're aware that documents were required to 8 be produced pursuant to the subpoena? 9 A. I believe so, yes.</p> <p>10 Q. And were you involved in the search for those 11 documents? 12 A. Yes, I was.</p> <p>13 Q. And who else was involved? 14 A. Tracy Garone, our audit partner.</p> <p>15 Q. And what types of locations of documents did 16 you search for responsive documents? 17 A. Ms. Garone searched through all the documents 18 she had in relationship to the audit that had been done 19 for SK Foods. She also searched through her entire 20 string of e-mails that she received through SK. In 21 addition, I have gone through e-mails and -- work-related 22 to agreed upon procedures.</p> <p>23 Q. And the nature of the repository of the audit 24 file, how do you maintain that? 25 A. Most of that I think is still in hard copy.</p>	<p>1 A. Those are the electronic files.</p> <p>2 Q. The electronic files, okay. So there's a hard 3 copy file and there's also a virtual file, if you will? 4 A. I believe most of the audit work papers are in 5 a hard copy file, and then there was other files for 6 other procedures that were to be worked on.</p> <p>7 Q. Okay. And the other files are the ones that 8 are stored electronically? 9 A. Correct.</p> <p>10 Q. Okay. If I could just ask you now a few 11 questions about your background. What post high school 12 degrees do you have? 13 A. I have a degree in business, emphasis on 14 accounting.</p> <p>15 Q. And from what institution? 16 A. California State University of Chico.</p> <p>17 Q. And what year were you awarded that degree? 18 A. I believe it was 1972.</p> <p>19 Q. Do you have any professional licenses? 20 A. Yes, I'm a CPA. I'm also an ABV.</p> <p>21 Q. Can you tell me what that is? 22 A. It's Accredited in Business Valuation. 23 And I'm a CFF.</p> <p>24 Q. And what is that? 25 A. Certified Financial Forensic.</p>

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<p style="text-align: right;">Page 10</p> <p>1 Q. And does part of your practice include 2 valuation testimony as an expert witness? 3 A. Correct. 4 Q. And part of your practice involves forensic 5 investigation? 6 A. That's correct. 7 Q. How long have you been an expert witness in 8 valuation? 9 A. Since I didn't bring my resumé, it's about ten 10 years. 11 Q. And how long have you done forensic accounting? 12 A. I've worked in the forensic area for over 13 20 years. 14 Q. Okay. I'm sure you have a long and 15 distinguished career, so I don't want to go back over the 16 entire thing, but it would just be helpful to know, have 17 you been in practice as an accountant since graduation 18 from university? 19 A. As an accountant, correct. 20 Q. And how long have you been with Moss Adams -- 21 Stoughton Davidson? 22 A. 27 years. 23 Q. As part of your practice are you doing 24 exclusively valuation and forensic work, or are you still 25 doing any kind of audit services?</p>	<p style="text-align: right;">Page 12</p> <p>1 contacted by a fellow named Marshal Scott out at SK 2 Foods, who I think was acting as a consultant at the 3 time. Their audit was coming up. They were unsure as to 4 what Moss Adams was going to do and they needed somebody 5 to at least observe the inventory as of June 30. 6 Q. What does it mean to observe the inventory? 7 A. You go out and you effectively observe the 8 process that the company goes through in counting their 9 inventory to ensure that it is properly counted as to how 10 much inventory is on hand. 11 Q. So if I understand you correctly, you said it 12 was a step process, so the first part of the engagement 13 was observing the inventory? 14 A. That was the first inquiry. 15 Q. Okay. Your firm was asked to do that? 16 A. Correct. 17 Q. And then at some point in time did it then 18 expand to something else? 19 A. I subsequent to that went on vacation, and one 20 of my partners was contacted about doing the full audit 21 of the financial statements. 22 Q. Which partner was that? 23 A. I'm not sure if it was Tom McFerson or 24 Scott Bristol. It was either one of those two. 25 Q. And did your firm accept that engagement?</p>
<p style="text-align: right;">Page 11</p> <p>1 A. I have audit clients as well as tax clients 2 also. 3 Q. Oh, you do. 4 When did you first learn of SK Foods LP and the 5 related entities associated with the Salyer family? 6 A. I can't tell you exactly when the knowledge and 7 if I have a full knowledge of all the related entities 8 with the Salyer, because we didn't do all the work for 9 all the Salyer entities. 10 We first learned of them probably in about 2005 11 or '6, and we did an audit of their pension plan. 12 Q. Was that an annual engagement, you did a 13 pension plan every year? 14 A. Yes, it became one. 15 Q. And I take it at some point the engagement 16 expanded to reviewing the performing financial statement 17 services related to financial statements? 18 A. That would be correct. 19 Q. Okay. And what year was the engagement 20 expanded to include that? 21 A. That would have been for the year ending 22 June 30th, 2008. 23 Q. And do you recall who at Stoughton Davidson was 24 approached to ask if you could perform those services? 25 A. It was a step process, and I was initially</p>	<p style="text-align: right;">Page 13</p> <p>1 A. Ultimately, yes. 2 Q. And do you have any understanding as to why 3 your firm was asked to do that instead of Moss Adams? 4 MR. NICHOLSON: Objection. Calls for 5 speculation. 6 MR. CHRISTMAS: Just asking for your 7 understanding. 8 THE WITNESS: Well, I can tell you why we were 9 called, because we had previously had employees that had 10 worked with us that were currently working at SK Foods. 11 Why they chose us over Moss Adams for that period, I 12 would be speculating on. 13 BY MR. CHRISTMAS: 14 Q. And one of those individuals was 15 Mark McCormick. Is that correct? 16 A. That would be correct. 17 Q. And he previously worked with you? 18 A. That's correct. 19 Q. I believe in various places there's a statement 20 or something is emblazoned in some of the documents that 21 I've seen that refers to something called the "Moss Adams 22 connection," or I don't know what it is, "consortium." 23 Can you tell me what that is? 24 A. It was an association -- 25 MR. NICHOLSON: Objection. Vague and</p>

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<p>1 ambiguous.</p> <p>2 BY MR. CHRISTMAS:</p> <p>4 A. It was an association of CPA firms that met</p> <p>5 with Moss Adams on an annual basis where there was</p> <p>6 additional continuing education, discussion about</p> <p>7 services that could be either shared or provided by one</p> <p>8 firm or the other, and it included firms in California,</p> <p>9 Washington, Oregon, Idaho, and several other states, I</p> <p>10 believe.</p> <p>11 Q. So this doesn't involve interlocking governance</p> <p>12 between firms in any way?</p> <p>13 A. No.</p> <p>14 Q. And doesn't involve interlocking ownership?</p> <p>15 A. No.</p> <p>16 Q. When your firm accepted the engagement, did you</p> <p>17 then have any face-to-face meetings with members of</p> <p>18 management of SK Foods?</p> <p>19 A. Well, there are a number of meetings with</p> <p>20 members of management.</p> <p>21 MR. NICHOLSON: I'm not sure if you're</p> <p>22 referring, when you say "you," if you're referring to</p> <p>23 Scott or you're referring to the company.</p> <p>24 BY MR. CHRISTMAS:</p> <p>25 Q. Well, after your firm accepted the engagement,</p>	<p>1 after you returned from vacation attend any in-person</p> <p>2 meetings at SK Foods or with SK Foods management?</p> <p>4 Q. Well, when did your vacation end?</p> <p>5 A. Probably early July, 2008.</p> <p>6 Q. Okay. After you returned to the office were</p> <p>7 there any meetings right after you returned to the</p> <p>8 office?</p> <p>9 A. None that I recall that I was involved with.</p> <p>10 Q. Did you have any meetings with Moss Adams at or</p> <p>11 about that time?</p> <p>12 A. I did not.</p> <p>13 Q. Did any of your colleagues have any meetings</p> <p>14 with Moss Adams at or about that time?</p> <p>15 A. Yes.</p> <p>16 Q. And who had those meetings?</p> <p>17 A. Ms. Garone.</p> <p>18 Q. Do you know if she took any notes of those</p> <p>19 meetings?</p> <p>20 A. I believe some of them are even included in</p> <p>21 here, but yes, she would have taken notes because she was</p> <p>22 reviewing the prior work papers of Moss Adams, which is a</p> <p>23 standard procedure when performing an audit.</p> <p>24 Q. Do you know if her notes identify any</p> <p>25 particular controversial issues in the prior engagement?</p>
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<p>1 did you personally meet with members of SK Foods</p> <p>2 management?</p> <p>3 A. Do we have some sort of time frame here?</p> <p>4 Q. Well, you accepted the engagement in when,</p> <p>5 approximately?</p> <p>6 A. Well, when I was on vacation. So right after</p> <p>7 acceptance, no, I did not meet immediately with them.</p> <p>8 Q. Do you know if any of your colleagues did?</p> <p>9 A. Oh, I'm certain they did, yes.</p> <p>10 Q. Why are you certain that they did?</p> <p>11 A. Because they had to to arrange the engagement,</p> <p>12 to plan the engagement and to finalize the engagement</p> <p>13 letter.</p> <p>14 Q. Okay. And did they tell you what was said at</p> <p>15 those meetings in any fashion?</p> <p>16 A. No, nothing other than the general discussions</p> <p>17 that we're going to do an audit investigation.</p> <p>18 Q. Did they identify any particular issues? Did</p> <p>19 your colleagues inform you of any particular issues that</p> <p>20 were important or sensitive?</p> <p>21 MR. NICHOLSON: Objection. Vague and</p> <p>22 ambiguous.</p> <p>23 THE WITNESS: At what time?</p> <p>24 BY MR. CHRISTMAS:</p> <p>25 Q. Well, let's go to the -- did you at any point</p>	<p>1 MR. NICHOLSON: Objection. Vague and</p> <p>2 ambiguous.</p> <p>3 MS. WOODRUFF: Objection. Vague and ambiguous.</p> <p>4 THE WITNESS: And off the top of my head, I</p> <p>5 don't know.</p> <p>6 BY MR. CHRISTMAS:</p> <p>7 Q. So who were the lead people on this engagement</p> <p>8 at this point? Did you step in to lead the engagement,</p> <p>9 or were other of your colleagues leading the engagement?</p> <p>10 A. No, the engagement was handled by Ms. Garone,</p> <p>11 the audit partner.</p> <p>12 Q. So after you returned from vacation, what was</p> <p>13 your next involvement, your personal involvement in the</p> <p>14 engagement?</p> <p>15 A. I did not get involved with SK Foods until</p> <p>16 subsequent to the audit.</p> <p>17 Q. What was your involvement, what was your first</p> <p>18 then involvement after the audit?</p> <p>19 A. There was some agreed-upon procedures relating</p> <p>20 to inventory.</p> <p>21 Q. We'll get back to that.</p> <p>22 Were you involved in reviewing any of the</p> <p>23 documents relating to the audit?</p> <p>24 A. Prior to issuance of the report?</p> <p>25 Q. Yes.</p>

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1 A. No.
 2 **Q. And can you tell me what your involvement was**
 3 **with the agreed-upon procedures?**
 4 A. Subsequent to the audit there became some
 5 issues revolving around an account called Unapplied
 6 Overhead. It was questioned and I believe November to
 7 December of that year by some other consultants in there
 8 that the account seemed to be extremely large, and at
 9 that time we got involved to do further investigation
 10 into that account.
 11 **Q. And that was part of the scope of the**
 12 **agreed-upon procedures?**
 13 A. That's correct.
 14 **Q. Okay. And who led the engagement for the**
 15 **agreed-upon procedures?**
 16 A. Mr. Bristol and myself.
 17 **Q. And is there a reason that you were the lead of**
 18 **that engagement but didn't lead the audit?**
 19 A. Well, the agreed-upon procedures was not a
 20 specific audit-type, nor was it a forensic-type, so it
 21 was a special project, and I was available to assist with
 22 that special project.
 23 MR. NICHOLSON: I'm sorry. Can we stop for a
 24 second.
 25 MR. CHRISTMAS: Yes.

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1 MR. NICHOLSON: I apologize. I didn't have the
 2 last number, so I just had them Bates-stamp them SD and
 3 started at number 1 again. Documents have already been
 4 provided, but hopefully it will make sense.
 5 MR. CHRISTMAS: You can give me the extra sets.
 6 I'll hold one for Scott here.
 7 BY MR. CHRISTMAS:
 8 **Q. Can you give me a time frame of the agreed-upon**
 9 **procedures, how long that engagement took?**
 10 A. Well, that engagement, when you use the term
 11 "took" indicates that it was completed, and it never was
 12 completed.
 13 **Q. Thank you for the correction.**
 14 **What was the reason it was not completed?**
 15 A. Within our engagement letter there's a clause
 16 about continuing work when you're not being paid, and we
 17 hadn't been paid so we withdrew from the engagement until
 18 payment would be made. Subsequently they filed
 19 bankruptcy and we never did any further work.
 20 **Q. So in terms of audit work, there was only one**
 21 **audit?**
 22 A. Of SK, correct.
 23 **Q. Are you familiar with the affiliates of SK**
 24 **Foods that exist in Australia and New Zealand?**
 25 A. I know of them.

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1 **Q. And how did you come to know of them?**
 2 A. Only in passing and getting ready for this
 3 deposition.
 4 **Q. Are you aware of any transfers of ownership**
 5 **interest of those entities that occurred prior to your**
 6 **firm's engagement for the audit?**
 7 A. Yes, I am.
 8 **Q. Okay. And what did you learn of and when?**
 9 A. In reviewing the footnotes in the Moss Adams
 10 financial statements for, I believe, June 30, 2007, they
 11 disclose the transfer to the partners. And further
 12 review in these documents indicates the underlying
 13 journal entries indicating that transfer.
 14 **Q. Okay. And when you say "that transfer," you**
 15 **mean the ownership transfer?**
 16 A. That's correct, the investment that SK had was
 17 transferred out to the partners.
 18 **Q. Okay. Are you aware of an accompanying issue**
 19 **with respect to transfer of debt? I won't say "issue," I**
 20 **want to say a transfer or change in the identity of the**
 21 **payer of debt?**
 22 MS. WOODRUFF: Objection. Vague and ambiguous.
 23 THE WITNESS: Well, I think I need some
 24 clarification in terms of payor and payee. If you'd like
 25 to be clear about who we're asking about, I'd gladly

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1 answer the question.
 2 BY MR. CHRISTMAS:
 3 **Q. Are you aware that a trust was substituted for**
 4 **the offshore entities on some intercompany debt as the**
 5 **payor?**
 6 MS. WOODRUFF: Objection. Assumes facts not in
 7 evidence.
 8 BY MR. CHRISTMAS:
 9 **Q. You can answer.**
 10 A. Let me tell you what I'm aware of in that
 11 situation to clarify so we're not dealing with words,
 12 because when I hear offshore entities I think of tax
 13 havens and stuff, as opposed to New Zealand and
 14 Australia --
 15 **Q. That's what I meant, that's what I was**
 16 **referring to, it was.**
 17 A. -- who I assume you're referring to.
 18 I'm aware that on the books of SK Foods LP
 19 there were a number of accounts receivable and payables
 20 to certain affiliates in either Australia or in New
 21 Zealand. Those accounts were, in fact, combined, and the
 22 footnote indicates sold to the revocable trust.
 23 **Q. And what revocable trust, to your knowledge,**
 24 **are you referring to?**
 25 A. The one that's the partner in SK Foods LP.

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<p>1 Q. And do you know the name of that trust?</p> <p>2 A. I've seen it referred several places. It was</p>	<p>1 called the SSC&L 2007 trust, as opposed to the</p> <p>2 Scott Salyer irrevocable trust?</p>
<p>4 Q. Did you have occasion to review any of the</p> <p>5 underlying transaction documents that affected the change</p> <p>6 of the owner, of the alleged change in owner of the</p> <p>7 Australian and New Zealand companies?</p> <p>8 A. Are you referring to the legal documents that</p> <p>9 would have been drawn back in 2006 or '7 when this</p> <p>10 occurred?</p> <p>11 Q. That's correct.</p> <p>12 A. No, I have not.</p> <p>13 Q. And similarly, the transaction that involved</p> <p>14 the intercompany debt with respects to the irrevocable</p> <p>15 trust that you're talking about, did you see any of the</p> <p>16 legal documents?</p> <p>17 A. Not that I recall.</p> <p>18 Q. Do you know if anyone else at Stoughton</p> <p>19 Davidson saw the legal documents for the equity or the</p> <p>20 debt transaction?</p> <p>21 A. I don't know the answer to that question.</p> <p>22 Q. In preparing for this deposition did you come</p> <p>23 across any legal documents relating to either the debt or</p> <p>24 the equity that were in the file at the time of the audit</p> <p>25 engagement?</p>	<p>4 familiar with that trust at all.</p> <p>5 Q. So it's your understanding that the</p> <p>6 Scott Salyer revocable trust is involved in the</p> <p>7 intercompany debt?</p> <p>8 MS. WOODRUFF: Objection. Misstates the</p> <p>9 evidence.</p> <p>10 MR. CHRISTMAS: I'm asking for his</p> <p>11 understanding, not what the evidence is.</p> <p>12 MS. WOODRUFF: Well. Objection, then,</p> <p>13 misstates the witness's prior testimony.</p> <p>14 THE WITNESS: It's my understanding that</p> <p>15 whichever trust was the partner in SK Foods LP was the</p> <p>16 one that was involved in this transaction.</p> <p>17 BY MR. CHRISTMAS:</p> <p>18 Q. To your knowledge, did anyone at Stoughton</p> <p>19 Davidson ever have occasion to communicate with any</p> <p>20 members of management of the Australian or New Zealand</p> <p>21 companies?</p> <p>22 A. I don't know.</p> <p>23 Q. Have you ever had any occasion to communicate</p> <p>24 with management of the Australian or New Zealand</p> <p>25 companies?</p>
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<p>1 MR. NICHOLSON: Objection. Vague and</p> <p>2 ambiguous.</p> <p>3 THE WITNESS: The only documents, to clarify,</p> <p>4 that I've come across are those which were produced in</p> <p>5 the original packet, and these are here. So if there's</p> <p>6 something in there that you're referring to as a legal</p> <p>7 document, then yes, I've seen it.</p> <p>8 MR. NICHOLSON: Just to be clear, he's</p> <p>9 referring to the original production, and the</p> <p>10 supplemental production, and now the supplemental</p> <p>11 supplemental production.</p> <p>12 BY MR. CHRISTMAS:</p> <p>13 Q. Did you have any reason to question that the</p> <p>14 transfer of ownership that was mentioned in the footnote</p> <p>15 you just discussed was not made?</p> <p>16 A. It was disclosed on the financial statements</p> <p>17 that were audited by Moss Adams, so the answer would be</p> <p>18 no.</p> <p>19 Q. So you believe they were made?</p> <p>20 A. As far as I was aware, yes.</p> <p>21 Q. And the interposition of the irrevocable trust</p> <p>22 and the intercompany debt structure, did you have any</p> <p>23 reason to doubt that that had been effected?</p> <p>24 A. No.</p> <p>25 Q. Okay. Are you familiar with another trust</p>	<p>1 A. I'm trying to recall. I may have been in a</p> <p>2 room where there was a conference call, and I don't know</p> <p>3 if the individual was even in management, but it had to</p> <p>4 do with the projections and their format.</p> <p>5 Q. I'll ask you the same question with respect to</p> <p>6 the -- rephrase that.</p> <p>7 Are you aware as to whether the Australian and</p> <p>8 New Zealand companies have their own outside auditors?</p> <p>9 A. I have no idea who audited those companies.</p> <p>10 Q. So if you don't know who audited them, I would</p> <p>11 assume, then, you have never had any communications with</p> <p>12 them whose names you don't know?</p> <p>13 A. That would be correct.</p> <p>14 Q. Can you describe for me the extent to which</p> <p>15 your firm received documents from Moss Adams in order to</p> <p>16 perform the audit?</p> <p>17 A. In performing the audit Ms. Garone went to the</p> <p>18 Moss Adams office, reviewed their work papers and would</p> <p>19 have requested any documents or work papers that she</p> <p>20 would feel necessary to complete the audit.</p> <p>21 Q. Okay. And if she took copies of those, they</p> <p>22 would be in your document production?</p> <p>23 A. Not necessarily.</p> <p>24 Q. Do you know, if she took copies, where ones</p> <p>25 that aren't in there would have gone?</p>

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<p style="text-align: right;">Page 26</p> <p>1 A. It would be in her audit file.</p> <p>2 Q. So does the production not encompass the</p> <p>3 entirety of the audit file, or just a selection of</p> <p>4 documents?</p> <p>5 A. That's correct. The production includes those</p> <p>6 documents related to anything that she had identified</p> <p>7 that had something to do that she had either copied,</p> <p>8 received in an e-mail, relating to the foreign operations</p> <p>9 and these affiliates or subsidiaries as they were at one</p> <p>10 time.</p> <p>11 Q. With respect to what we referred to as the</p> <p>12 equity transfer, have you ever had any conversations with</p> <p>13 anybody about that transfer?</p> <p>14 MR. NICHOLSON: Objection. Vague and</p> <p>15 ambiguous.</p> <p>16 THE WITNESS: Only in general and getting ready</p> <p>17 for this with, like, Ms. Garone and reviewing these</p> <p>18 documents.</p> <p>19 BY MR. CHRISTMAS:</p> <p>20 Q. And I'm specifically referring to the transfer</p> <p>21 of ownership of the Australian, New Zealand companies,</p> <p>22 for the record.</p> <p>23 Do you know if Ms. Garone ever had any</p> <p>24 conversations with anyone with regard to the sale of the</p> <p>25 transfer of --</p>	<p style="text-align: right;">Page 28</p> <p>1 BY MR. CHRISTMAS:</p> <p>2 Q. Mr. Dye, I've handed you a document that has</p> <p>3 been numbered for identification as Exhibit 38 to your</p> <p>4 deposition. Do you recognize this document?</p> <p>5 A. I can tell you what it is, however I have never</p> <p>6 seen it before.</p> <p>7 Q. Tell me what it is.</p> <p>8 A. It's a work paper from the audit file.</p> <p>9 Q. So this is a work paper from the Stoughton</p> <p>10 Davidson audit file, not the Moss Adams audit file?</p> <p>11 A. That would be correct.</p> <p>12 Q. Is this a printout of an Excel spreadsheet, or</p> <p>13 what created the formatting of the document?</p> <p>14 A. It's a software program that is Excel-based</p> <p>15 that is used for the audits.</p> <p>16 Q. Could you take a look at this document and tell</p> <p>17 me what it memorializes.</p> <p>18 A. I can tell you what I believe it memorializes</p> <p>19 on here.</p> <p>20 Q. Okay.</p> <p>21 A. I believe this memorializes the balance that</p> <p>22 remains as of 6/30/07 for the investment in SK Foods</p> <p>23 Australia representing the balance of the notes that were</p> <p>24 due, and this number has been moved to a different</p> <p>25 account in June 30, 2008, although it hasn't changed in</p>
<p style="text-align: right;">Page 27</p> <p>1 A. I do not --</p> <p>2 Q. Let me finish.</p> <p>3 -- the transfer of ownership of the Australian</p> <p>4 and New Zealand companies?</p> <p>5 A. No, I don't.</p> <p>6 Q. Are you aware of anyone ever questioning</p> <p>7 whether or not the transfer of the debt and transfer of</p> <p>8 equity had actually been effected?</p> <p>9 A. No.</p> <p>10 MR. NICHOLSON: Objection. Vague and</p> <p>11 ambiguous.</p> <p>12 MS. WOODRUFF: Vague as to time.</p> <p>13 BY MR. CHRISTMAS:</p> <p>14 Q. I'm sorry, everyone was talking at once. Did</p> <p>15 you have an answer?</p> <p>16 A. I gave an answer. It was "no."</p> <p>17 MR. CHRISTMAS: I apologize, I couldn't hear.</p> <p>18 We're doing somewhat unconventional numbering,</p> <p>19 so this is Exhibit 38. I'll pass -- how do you do this.</p> <p>20 MS. WOODRUFF: Why don't you pass two to</p> <p>21 Mr. Nicholson and two to you.</p> <p>22 MR. NUTI: 38, you said?</p> <p>23 MR. CHRISTMAS: Yes.</p> <p>24 (Exhibit 38 was marked for identification.)</p> <p>25 ///</p>	<p style="text-align: right;">Page 29</p> <p>1 balance.</p> <p>2 MR. CHRISTMAS: Can we just take a break for a</p> <p>3 minute.</p> <p>4 (Discussion off the record.)</p> <p>5 MR. CHRISTMAS: We're back on the record.</p> <p>6 Mr. Nuti is going to clarify something that I was unaware of</p> <p>7 in the document production.</p> <p>8 MR. NUTI: We have noticed that we have two</p> <p>9 sets of documents Bates-stamped SD and then a six-digit</p> <p>10 number. The trustee, sometime in March, produced its</p> <p>11 audit files related to the Stoughton Davidson audit.</p> <p>12 Those documents are Bates-stamped SD with a space, and</p> <p>13 then a six-digit number.</p> <p>14 Subsequent to that production, Stoughton</p> <p>15 Davidson produced to the liquidator its files associated</p> <p>16 with its audit, the same audit of SK Foods. Those are</p> <p>17 designated SD, six-digit number, no space.</p> <p>18 THE WITNESS: If I may speak, that's incorrect.</p> <p>19 MR. NICHOLSON: Can we go off the record again.</p> <p>20 Do you want to talk to me?</p> <p>21 (Discussion off the record.)</p> <p>22 MR. NUTI: For clarification, the documents</p> <p>23 produced by Stoughton Davidson are responsive to the</p> <p>24 subpoena.</p> <p>25 Is that correct?</p>

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1 THE WITNESS: That would be correct.	1 A. That would be correct.
2 BY MR. CHRISTMAS:	2 Q. Unless you specify Mess Adams or something
4 Now, Mr. Dye, you understand that you are here	4 A. Correct.
5 as a designated witness under rule 30(b)(6), or is that	5 Q. That would help.
6 your understanding?	6 What's the purpose of this document?
7 A. That's correct.	7 A. It's used to summarize accounts and group them
8 Q. Before you came here today, did you have	8 to take them forward to the balance sheet and income
9 occasion to review the matters for examination that are	9 statements for the audit.
10 listed there?	10 Q. And do you recognize the handwriting on this
11 A. I have not seen this before.	11 document?
12 Q. So you've never seen the listing of matters for	12 A. It appears to be Ms. Garone's, but I could be
13 examination in the subpoena?	13 incorrect.
14 A. I don't believe so.	14 Q. And do you know what -- there are a number of
15 Q. Did you discuss your appearance today with	15 instances of handwriting here that are followed by a
16 anybody?	16 check mark, and there appears to be a legend at the
17 A. Mr. Nicholson.	17 bottom that says "Agrees to audited consolidating
18 Q. Anybody else?	18 financial statements," and I can't read the rest of it,
19 A. People in our office.	19 or I don't understand the rest of it. "W/o/e."
20 Q. In that discussion, or in any other way, did	20 MR. NICHOLSON: I'm sorry. Where is the legend
21 you gain any understanding of what a rule 30(b)(6)	21 you're reading from?
22 witness is supposed to do?	22 MR. CHRISTMAS: At the bottom on the first
23 A. There was no discussion about that, no.	23 page.
24 Q. Do you know what rule 30(b)(6) is?	24 BY MR. CHRISTMAS:
25 A. No.	25 Q. Can you tell me what the check mark and the
Page 31	Page 33
1 Q. So I would take it from your answer that you do	1 legend at the bottom means?
2 not know what a rule 30(b)(6) witness is?	2 A. The "W/o/e" means "without exception." The
3 A. That would be correct.	3 check marks indicate that they have gone to the financial
4 MR. NICHOLSON: You might ask him about being a	4 statements as drafted and agree that these totals were
5 person most knowledgeable. I'm not sure if he would	5 the same as were on the financial statements.
6 understand.	6 Q. So the reference here would be to the prior
7 MR. CHRISTMAS: Let's go off the record.	7 years' financial statements or to the ones that are being
8 (Discussion off the record.)	8 generated in this process?
9 (Exhibit 39 was marked for identification.)	9 A. No, 6/30/2008.
10 BY MR. CHRISTMAS:	10 Q. So this is generated as part of the ongoing
11 Q. Mr. Dye, the court reporter has handed you a	11 audit as opposed to looking to see whether or not these
12 document marked for identification as Stoughton Davidson	12 numbers agree to the prior audit?
13 39 -- well, off the record.	13 A. That's correct.
14 (Discussion off the record.)	14 Q. I apologize if I asked you this before. Did
15 BY MR. CHRISTMAS:	15 you say you had or had not seen this document before?
16 Q. This is, we'll call it Stoughton Davidson 39.	16 A. I don't recall seeing this document.
17 Do you know what this document is, Mr. Dye?	17 Q. I believe it was your testimony that you didn't
18 A. Appears to be the trial balance, grouped, of SK	18 lead the audit for 2008. Did you have any participation
19 Foods LP for June 30th, 2008.	19 in the audit services rendered?
20 Q. And is this a document generated by SK Foods?	20 A. Only subsequent to the audit when it became a
21 A. No, this appears to be a document that would	21 question as to whether the one account was accurate or
22 have been generated by a program known as Engagement,	22 not.
23 used during the audit.	23 Q. And what one account was that?
24 Q. And should I assume when you say "the audit,"	24 A. The unapplied overhead.
25 that would be the audit performed by Stoughton Davidson?	25 Q. Okay. And is that separate from the

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<p style="text-align: right;">Page 34</p> <p>1 agreed-upon procedures, or --</p> <p>2 A. The agreed-upon procedures were steps agreed</p> <p>3 upon with SK Foods that we would perform to determine the</p> <p>4 accuracy of that account as one of the steps. There are</p> <p>5 also a number of other steps to look at their inventory</p> <p>6 procedures.</p> <p>7 Q. And if I understand the chronology, the</p> <p>8 agreed-upon procedures were after the audit was</p> <p>9 concluded?</p> <p>10 A. Correct.</p> <p>11 Q. But your answer implies that -- well, I'm not</p> <p>12 clear on your answer. If the audit was concluded, how</p> <p>13 was it that you were doing work on the audit? Did there</p> <p>14 need to be a correction? I'm not following your answer.</p> <p>15 A. The audit was withdrawn due to -- I had</p> <p>16 explained earlier that some consultants that they had</p> <p>17 hired thought that the unapplied overhead was extremely</p> <p>18 high, in the latter part in October and November, and at</p> <p>19 that point everybody got concerned that maybe the account</p> <p>20 was incorrect, and so the procedure was to withdraw the</p> <p>21 audit and to go back and attempt to determine the</p> <p>22 validity of that account.</p> <p>23 Q. But prior to that issue coming to light, did</p> <p>24 you participate in the generation of the original audit</p> <p>25 issued by your firm?</p>	<p style="text-align: right;">Page 36</p> <p>1 Do you recognize this document?</p> <p>2 A. It appears to be an analysis of the</p> <p>3 intercompany receivables for SK Foods as of June 30th,</p> <p>4 2008.</p> <p>5 Q. And do you know, is this a Stoughton Davidson</p> <p>6 generated document, or by someone else?</p> <p>7 A. I don't know. It appears to have been</p> <p>8 generated by the client. There is a notation up in the</p> <p>9 upper-right corner that says PBC, that stands for</p> <p>10 "prepared by client."</p> <p>11 Q. The handwriting on here, do you recognize any</p> <p>12 of that?</p> <p>13 A. Well, based on the initials of the people</p> <p>14 signing off, it appears to be more than one person.</p> <p>15 Q. Do you recognize the persons who wrote on this</p> <p>16 document, their handwriting?</p> <p>17 A. I recognize initials as being Ms. Garone's and</p> <p>18 Ms. Tozlian's.</p> <p>19 Q. I'm sorry?</p> <p>20 A. Tozlian.</p> <p>21 Q. Who is that person?</p> <p>22 A. She's an audit manager.</p> <p>23 Q. What is her first name?</p> <p>24 A. Jennifer.</p> <p>25 Q. Do you know the purpose of this marked-up</p>
<p style="text-align: right;">Page 35</p> <p>1 A. No.</p> <p>2 Q. And just to carry on with your second-to-last</p> <p>3 answer, what's the mechanics of withdrawing the audit?</p> <p>4 Did you send a letter to SK Foods? How did that come</p> <p>5 about?</p> <p>6 A. There were discussions, there were e-mails, so</p> <p>7 they could alert the potential users of those financial</p> <p>8 statements that they should return those and not rely on</p> <p>9 those.</p> <p>10 Q. Okay. And was there an amended set of</p> <p>11 financial statements issued after doing the agreed-upon</p> <p>12 procedures?</p> <p>13 A. As stated earlier, the agreed-upon procedures</p> <p>14 were never completed. The answer to your question</p> <p>15 regarding was there subsequent financial issued, is "no."</p> <p>16 Q. So from Stoughton Davidson's perspective, the</p> <p>17 financial statements were withdrawn and there was no</p> <p>18 subsequent set of financial statements issued to anybody?</p> <p>19 A. That's correct.</p> <p>20 MR. CHRISTMAS: Let's do 41.</p> <p>21 (Exhibit 41 was marked for identification.)</p> <p>22 BY MR. CHRISTMAS:</p> <p>23 Q. Mr. Dye, I've had the court reporter hand you</p> <p>24 Stoughton Davidson 41 for identification for your</p> <p>25 deposition.</p>	<p style="text-align: right;">Page 37</p> <p>1 document?</p> <p>2 A. It was used to analyze the intercompany</p> <p>3 receivables for the audit.</p> <p>4 Q. And do you know what the source of the numbers</p> <p>5 on the document is?</p> <p>6 A. They came from the client. This document is</p> <p>7 prepared by the client.</p> <p>8 Q. And there are several legends at the bottom.</p> <p>9 If I could ask you to walk through them with me, there's</p> <p>10 a check mark legend on the far left, and can you tell me</p> <p>11 what that legend indicates?</p> <p>12 A. It indicates that those check marks next to</p> <p>13 certain numbers in the columns up above were agreed</p> <p>14 directly to notes receivable, related party receivables,</p> <p>15 notes payable and other payables without exception.</p> <p>16 Q. So what documents are being agreed to the</p> <p>17 clients underlying general ledger, or can you just</p> <p>18 explain that to me?</p> <p>19 A. From reading it, it says it "Agrees directly to</p> <p>20 notes receivable." That would indicate to me that there</p> <p>21 was some notes receivable that they were agreed to, or</p> <p>22 related party receivables which may have come from a</p> <p>23 general ledger on the related party side. Or notes</p> <p>24 payable and/or other payables. So it appears that there</p> <p>25 is a variety of sources that they are confirming those to</p>

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<p>1 or verifying them with.</p> <p>2 Q. Okay. The check with an X or a slash, back</p> <p>4 legend. What does that legend mean? "Agreed w/o/m/e"?</p> <p>5 A. I don't know exactly what the w/o/m/e stands</p> <p>6 for. I would be making an assumption, but I think it has</p> <p>7 to do with materiality.</p> <p>8 Q. How about the X that's just to the right of</p> <p>9 that? Looks like "non-operating assets" to something</p> <p>10 "equity," I can't read it.</p> <p>11 A. Well, I agree with you, it does say</p> <p>12 "non-operating assets to." I can't read it either.</p> <p>13 MR. CHRISTMAS: Can we take a break for a</p> <p>14 minute.</p> <p>15 (Recess taken.)</p> <p>16 MR. CHRISTMAS: This is 42.</p> <p>17 (Exhibit 42 was marked for identification.)</p> <p>18 BY MR. CHRISTMAS:</p> <p>19 Q. Mr. Dye, the court reporter has handed you</p> <p>20 Exhibit 42 to the Stoughton Davidson deposition. If you</p> <p>21 go to the page marked SD 00046, it starts there. Do you</p> <p>22 recognize this document?</p> <p>23 A. It appears to be the title page to the SK Foods</p> <p>24 LP audit.</p> <p>25 Q. Have you ever seen this document before?</p>	<p>1 initial subpoena, and I believe the amended ones that</p> <p>2 were additionally attached, which would be Stoughton</p> <p>4 through 51, and the additional documents that I provided</p> <p>5 you today.</p> <p>6 Q. Was Mr. Bristol involved in preparation of the</p> <p>7 audit?</p> <p>8 A. He was the engagement partner.</p> <p>9 Q. So Ms. Garone reported to him?</p> <p>10 A. That would be correct.</p> <p>11 Q. And did you speak to Mr. Bristol before you</p> <p>12 came here today?</p> <p>13 A. No, I did not.</p> <p>14 Q. Did you speak with Ms. Garone before you came</p> <p>15 here today?</p> <p>16 A. Yes, I did.</p> <p>17 Q. And what did you discuss with her?</p> <p>18 A. I clarified my understanding of what was</p> <p>19 represented within some of these e-mails and the</p> <p>20 documents that were initially provided.</p> <p>21 Q. And when you say "documents provided," you mean</p> <p>22 produced by Stoughton Davidson?</p> <p>23 A. Correct.</p> <p>24 MR. CHRISTMAS: Let's go to 49.</p> <p>25 (Exhibit 49 was marked for identification.)</p>
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<p>1 A. I can't recall. I may have.</p> <p>2 Q. Did you look at it before coming here today?</p> <p>3 A. Not within the last -- not in preparing for</p> <p>4 this, no.</p> <p>5 Q. Do you have any understanding of the procedures</p> <p>6 that were followed to -- and I don't mean in the</p> <p>7 hypothetical, the actual procedures that were followed to</p> <p>8 create these financial statements?</p> <p>9 A. All standard audit procedures deemed necessary</p> <p>10 for an audit.</p> <p>11 Q. I didn't mean in the hypothetical, I mean what</p> <p>12 actual procedures were followed?</p> <p>13 A. Well, I suspect if I wanted to tell you, we</p> <p>14 could take all day.</p> <p>15 Q. I don't mean what. I mean, are you familiar</p> <p>16 with what your colleagues did to create these financial</p> <p>17 statements?</p> <p>18 A. I'm familiar with what they probably did, yes.</p> <p>19 I did not review their work, as I stated earlier.</p> <p>20 Q. And did they consult with you while they did</p> <p>21 their work?</p> <p>22 A. No.</p> <p>23 Q. Can you tell me what you did review before</p> <p>24 coming here today?</p> <p>25 A. The documents that were in response to the</p>	<p>1 BY MR. CHRISTMAS:</p> <p>2 Q. Mr. Dye, the court reporter has handed you</p> <p>3 Exhibit 49 to the Stoughton Davidson deposition. It's</p> <p>4 actually, I'll call it a group exhibit. There appear to</p> <p>5 me to be two different letters here, pages SD -- and</p> <p>6 there's no space -- 000042 through 46, appear to be one</p> <p>7 document, although they all have sequential faxed page</p> <p>8 numbers at the top apparently, and then the second</p> <p>9 document starts at SD000047.</p> <p>10 There may be other differences between the</p> <p>11 documents, but if you could turn to -- well, first, have</p> <p>12 you ever seen these documents before?</p> <p>13 A. Yes, I have.</p> <p>14 Q. Can you tell me what they are?</p> <p>15 A. They are the engagement letters for the</p> <p>16 agreed-upon procedures.</p> <p>17 Q. Do you know why there are two different</p> <p>18 letters?</p> <p>19 A. The first letter is addressing mostly only</p> <p>20 inventory issues. The second letter includes step ten,</p> <p>21 or a tenth procedure which was to perform an analysis of</p> <p>22 the current value of the companies. It says "Investment</p> <p>23 in Grantor Trust, SSCL, which holds the Cedenco notes</p> <p>24 receivable and payable."</p> <p>25 Q. Does one of these letters supercede the other?</p>

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<p>1 A. I would say yes. The one that has the tenth 2 procedure added to it would supercede, however, I don't 3 believe there's any change to the first nine procedures. 4 Q. So paragraph ten was an addition, rather than a 5 subtraction? 6 A. That's correct. 7 Q. Can you explain what procedure number ten is? 8 A. It was Mr. Salyer's request, because he 9 believed that the value of those notes had been impaired 10 and he wanted to determine what impairment there may or 11 may not have been at a period of about December 31st, 12 2008. He indicated it might have some tax impact to him. 13 Q. And when you say he had those thoughts, what's 14 the basis of your understanding of that? 15 A. An e-mail from Mr. Salyer. 16 Q. Okay. Do you know if that e-mail was part of 17 the document production? 18 A. It was part of today's production. 19 Q. Was that procedure, number ten, carried out? 20 A. No. 21 Q. Why was it not carried out? 22 A. We never got that far. 23 Q. So no part of procedure number ten was carried 24 out at all? 25 A. According to an e-mail from Mr. Bristol,</p>	<p>1 MR. NICHOLSON: What was the number on that? 2 MR. CHRISTMAS: 68. 3 (Exhibit 68 was marked for identification.) 4 BY MR. CHRISTMAS: 5 Q. Mr. Dye, could you turn to SD Supp 004. This 6 appears to be a series of e-mails. It starts 7 chronologically on that page and goes back to the prior 8 page. There's an e-mail from Mr. Salyer, May 12, 2009, 9 at 8:24 a.m., and a series of e-mails ending with an 10 e-mail from Mr. Bristol. 11 They do span a fair period of time here, over a 12 year. Let's start with the one from Mr. Salyer to you. 13 Now, this e-mail is dated May 12, 2009. Have you seen 14 this e-mail before your preparation for today? 15 A. Yes. 16 Q. So you received it on May 1, 2009? 17 A. Appears that way. 18 Q. And what's Mr. Salyer writing to you about? 19 A. Again, this would be the issue on the 20 agreed-upon procedure ten. 21 Q. Okay. He says there "Reported 18 million at 22 6/30/08, we believe the value is much less." 23 Did he explain to you why he believed the value 24 was much less? 25 A. I believe somewhere there was some indication</p>
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<p>1 actually it's a summary which was in the items produced 2 today, a memo dated through April 24th of '09 indicates 3 that there had been some review of companies e-mail 4 strands and other information provided by e-mail, as well 5 as review documents provided at the time of the June 30, 6 '08 audit, however Stoughton Davidson was still to 7 discuss valuation methods with management, as well as 8 management was to provide an analysis which had not been 9 performed. 10 Q. Are you reading from a document? 11 A. Yes, I am. 12 MR. NICHOLSON: Can I stop -- 13 MR. CHRISTMAS: Mark that? 14 MR. NICHOLSON: He is reading from a document. 15 He has the originals that he brought. They got the Bates 16 stamp after he got here. 17 THE WITNESS: I was reading on SD Supp 009. 18 MR. CHRISTMAS: I guess we should mark that. 19 Why don't we mark what was produced today. We'll mark it 20 as a group exhibit. Let's do it as 68. 21 MR. NUTI: The entire package? 22 MR. CHRISTMAS: Yeah. 23 MR. NICHOLSON: So that's SD Supp 1 through SD 24 Supp 9. 25 MR. CHRISTMAS: Yeah.</p>	<p>1 of foreign currency transactions that decreased the 2 value. 3 Q. And when he says "the Cedenco note" here, can 4 you explain your understanding of what that note was? 5 A. My understanding from the SK perspective is 6 that is a netting of all the payables and receivables 7 from the foreign subsidiaries which had been transferred 8 to the trust, which is sitting on the books of SK in the 9 amount of 18,200,000 some odd thousand dollars, I 10 believe, from the trust. 11 Q. Do you know the terms of payment of the note? 12 A. No, I don't, but on the financial statements 13 it's classified as long-term, and I believe if you looked 14 at the audit work paper that we reviewed earlier, there 15 is indications that the bank would not allow any 16 transfers or reduction in that, so it is considered not 17 to be paid within the next 12 months, but at some time 18 thereafter, and from that indication there would be no 19 fixed terms with the bank controlling. 20 Q. There would not be any fixed terms? You 21 mean -- 22 A. Until there was paid off within the bank, and 23 that's -- I'd have to find the work paper that you 24 provided me earlier. It says -- 25 Q. Can you refer, for the record, by exhibit</p>

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<p>1 number.</p> <p>2 A. Exhibit 28, Note 6, states that the account is titled "Affiliates is the title of the account. However, it's highlighted and described down below that "These payables and receivables are subordinated debt on both the side of SK and the foreign related parties. Per the bank covenants, there are to be no related party payments. As such, this amount is not going to change until all loans have been paid off. Appears reasonable and per review of the SK bank agreement with BMO, Section 5, B-1," I believe it says "the payables to the foreign related parties are subordinated debt."</p> <p>14 Q. Do you know if any reserve was established for suspension of payment?</p> <p>16 A. Based on the Exhibit 42, note eight, which is transactions with related parties, which you'll find on SD 63 back there, you'll see that the revocable trust receivable is in full at the \$18,262,000, does not appear to have any reserve applied, because if you go again in that exhibit to page 49, you will see that the 22,406 is carried forward to the balance sheet as related party receivables of 22,406.</p> <p>24 Q. So do you know what analysis was done in order to support the statement of the receivable at apparently</p>	<p>1 consultants at the time when, in fact, ten was added to</p> <p>4 and he returned with some notes on it which is in the original production titled SD 0004.</p> <p>6 Q. Is that the SD no spaces 0004?</p> <p>7 A. Correct.</p> <p>8 MR. CHRISTMAS: Those are all the questions I have at this time, subject obviously to recalling a representative of Stoughton Davidson who's properly prepared.</p> <p>12 MR. NICHOLSON: I'm just going to object to that last comment. I don't know that there was anything you asked in the subpoena that Mr. Dye wasn't prepared to talk about today.</p> <p>16 MS. WOODRUFF: I second that objection, and I would also object to any further depositions being taken of Stoughton Davidson.</p> <p>19 MR. NUTI: I tend to agree with the liquidator. As I understand it, the witness did not participate in the actual audit that produced document SD 42.</p> <p>22 MR. NICHOLSON: And that may be -- excuse me.</p> <p>23 MR. NUTI: He can't testify as to whether or not anybody of Stoughton Davidson looked at the legal documents underlying the transactions reflected in there.</p>
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<p>1 face value?</p> <p>2 MR. NICHOLSON: Objection. Vague and ambiguous.</p> <p>4 THE WITNESS: No, I do not.</p> <p>5 BY MR. CHRISTMAS:</p> <p>6 Q. Do you know if any analysis of that note was done to determine its collectability?</p> <p>8 MR. NICHOLSON: Objection. Vague and ambiguous.</p> <p>10 THE WITNESS: I do not.</p> <p>11 BY MR. CHRISTMAS:</p> <p>12 Q. Turning back to group Exhibit 68 and SD Supp 004, Mr. Salyer writes "Additionally, the note could affect my personal tax situation." Do you have an understanding as to what he meant by that?</p> <p>16 A. No, I think you would have had --</p> <p>17 MS. WOODRUFF: Sorry, objection. Lacks foundation, calls for speculation.</p> <p>19 MR. CHRISTMAS: You can answer.</p> <p>20 THE WITNESS: The answer is "no."</p> <p>21 BY MR. CHRISTMAS:</p> <p>22 Q. Did you ever have any conversations by telephone with Mr. Salyer about procedure number ten?</p> <p>24 A. I can't recall specifically. There was a group discussion with Mr. Salyer and I believe other</p>	<p>1 MR. NICHOLSON: That may be. I think if you look back at the subpoena, there was nothing having to do with the audit in the subpoena itself.</p> <p>4 MR. NUTI: I don't see --</p> <p>5 MR. NICHOLSON: Excuse me. To the extent you supplement the subpoena, if there are additional categories you're looking for, we'd be happy to take another look at it. I object and resent the notion that Mr. Dye has come here unprepared today. I think he was very prepared to talk about the subjects you actually categorized and gave him.</p> <p>11 MR. NUTI: You want to go off the record for a minute?</p> <p>14 MR. CHRISTMAS: Okay.</p> <p>15 (Discussion off the record.)</p> <p>16 MR. CHRISTMAS: Ms. Woodruff I guess has the floor.</p> <p>18 You have more questions?</p> <p>19 MS. WOODRUFF: Yeah.</p> <p>20 EXAMINATION BY MS. WOODRUFF</p> <p>21 Q. Hi, Mr. Dye. I want to follow-up and ask you a few questions. Before I do, I want to put on the record that the Australian liquidator and his counsel, as well as counsel for the trustee and the counsel for the Unsecured Creditors Committee stepped out into the hall</p>

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<p style="text-align: right;">Page 50</p> <p>1 to confer amongst themselves during the time that we were 2 off the record. 3 Mr. Dye, you are here testifying on behalf of 4 Stoughton Davidson, correct? 5 A. That is correct. 6 Q. And as you sit here today, are you prepared to 7 testify to the extent that Stoughton Davidson has any 8 knowledge about the assignment, transfer, distribution or 9 sale of any ownership interest in SK Foods Australia? 10 A. The only knowledge we have was that this is a 11 transaction that occurred November 1st, 2006, prior to 12 our audit and, in fact, almost a full year prior to 13 audit, was included in the audit prior to us, and we 14 would not go back and look at documents and transactions 15 that occurred in prior periods, particularly when they've 16 been audited by a firm such as Moss Adams. 17 Q. Okay. Thank you. 18 And are you, as you sit here today, prepared to 19 testify on behalf of Stoughton Davidson about the 20 transfer of shares or other ownership interests in SK 21 Foods Australia, by SK Foods Limited Partnership, which 22 is the California limited partnership that's in 23 bankruptcy here, to the Scott Salyer revocable trust and 24 SKPM corporation effective November 1, 2006? 25 MR. CHRISTMAS: Alleged transfer.</p>	<p style="text-align: right;">Page 52</p> <p>1 of the ownership interests of the Australian subsidiary, 2 or of the debt? 3 A. There was both, transfers of ownership interest 4 and debt. 5 Q. Okay. And to the best of your knowledge, the 6 debt as well as the ownership interests were transferred 7 to a trust entitled Scott Salyer revocable trust? 8 A. That's our understanding from the audit 9 conducted by Moss Adams and our review of that. 10 Q. As you sit here today are you prepared to 11 testify about any transfer of SKPM corporation to 12 Monterey Peninsula Farming of any ownership interest in 13 SK Foods Australia? 14 A. No, I have no knowledge of that transfer. 15 Q. Is there anybody at Stoughton Davidson -- 16 A. Excuse me, let me clarify. SKPM Corp? 17 Q. Correct. 18 A. Did we say Monterey Peninsula? Because in the 19 work papers the transfer of ownership interest indicates 20 that it was the other partner, which was SKPM Corp, and 21 therefore the interest would have been transferred. 22 Q. To SKPM Corp? 23 A. Right. 24 Q. And that transfer that you're referring to is 25 the transfer that occurred on November 1st, 2006?</p>
<p style="text-align: right;">Page 51</p> <p>1 THE WITNESS: Again, our only knowledge of that 2 is from the prior year audit conducted by Moss Adams 3 indicating that that transfer took place on November 1st, 4 2006. We relied on Moss Adams' audit. 5 BY MS. WOODRUFF: 6 Q. And as you sit here today are you prepared to 7 testify on behalf of Stoughton Davidson concerning any 8 assignment, transfer, distribution or sale of any debt of 9 SK Foods Australia owing to SK Foods Limited Partnership? 10 A. Again, any knowledge we have of that relates to 11 the prior audit that we relied on. 12 Q. As you sit here today are you prepared to 13 testify about any conveyance to the SSC&L 2007 trust 14 effective November 1, 2006, whether by assignment, 15 transfer, distribution, sale or otherwise of debt of SK 16 Foods Australia owing to SK Foods Limited Partnership? 17 A. The SSCL trust, I need clarification because 18 I've seen this thing referred to as the SSCL trust, I've 19 seen it referred to as the Scott Salyer revocable trust. 20 I'm not sure they're interchangeable, if they are. We 21 only know of the transfer that went to in the work papers 22 indicating that Scott Salyer revocable trust in November. 23 If it's one and the same, then yes. 24 Q. And when you're referring to the transfer that 25 occurred to the trust, are you referring to the transfer</p>	<p style="text-align: right;">Page 53</p> <p>1 A. Correct. 2 Q. According to the Moss Adams audited financial 3 statements? 4 A. That is correct. 5 Q. And do you know whether there's anybody at 6 Stoughton Davidson who has any knowledge about any 7 subsequent transfer from SKPM Corporation to Monterey 8 Peninsula Farming? 9 A. To the best of my knowledge, no. 10 Q. Okay. As you sit here today, are you prepared 11 to testify about any transfer -- 12 (Interruption of phone ringing). 13 MR. NICHOLSON: Can we go off the record for a 14 second. 15 MR. CHRISTMAS: Sure. 16 (Discussion off the record.) 17 BY MS. WOODRUFF: 18 Q. -- any transfer by SKPM -- well, that seems to 19 be the same. Strike that. 20 As you sit here today, Mr. Dye, are you 21 prepared to testify on behalf of Stoughton Davidson 22 concerning any transfer by the Scott Salyer revocable 23 trust to Monterey Peninsula Farming of any ownership 24 interest in SK Foods Australia? 25 A. I have no knowledge of any transfer from the</p>

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1 trust to Monterey Peninsula.	1 "subsidiaries." They ended up combining to a balance of
2 Q. To your knowledge is there anybody at Stoughton	2 18,262,140, which was transferred to the Scott Salvo
4 Salyer revocable trust to Monterey Peninsula Farming?	4 MR. CHRISTMAS: Are you reading off a document,
5 A. To the best of my knowledge, no, there's no	5 sir?
6 one.	6 THE WITNESS: I'm looking at SD 27, which was,
7 Q. As you sit here today, Mr. Dye, are you	7 I believe, a Moss Adams document which shows which
8 prepared to testify on behalf of Stoughton Davidson	8 accounts were consolidated.
9 concerning any transfer by Monterey Peninsula Farming of	9 BY MS. WOODRUFF:
10 any ownership interest in SK Foods Australia to any	10 Q. I'm sorry, you said SD 000027?
11 party?	11 A. 27 in our production.
12 A. I have no knowledge of Monterey Peninsula	12 MS. WOODRUFF: Can we go off the record for a
13 Farming transferring any assets.	13 moment.
14 Q. To the best of your knowledge is there anybody	14 (Discussion off the record.)
15 at Stoughton Davidson who has any knowledge of a transfer	15 (Exhibit 69 was marked for identification.)
16 by Monterey Peninsula Farming of any ownership interest	16 BY MS. WOODRUFF:
17 in SK Foods Australia?	17 Q. I've asked the court reporter to mark a
18 A. As far as I know, there is no one.	18 document you produced, SD 27, and it's been marked by the
19 Q. All right. As you sit here today are you	19 court reporter has Exhibit 69. Do you see that?
20 prepared to testify concerning the stockholders, members	20 A. I do.
21 or any other types of holders of ownership interests in	21 Q. Can you tell me what this is?
22 Cedenco JV Australia or SK Foods Australia?	22 A. I believe it is a schedule relating to the
23 A. I'd have to double-check the transfers. The	23 balance as of June 30th, 2007, for the accumulation and
24 only transfers we're aware of were the transfers that	24 consolidation of the receivables and payables that were
25 took place November 1, 2006.	25 either transferred or sold to the revocable trust.
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1 Q. And as you sit here today are you prepared to	1 Q. Is this a Stoughton Davidson work paper?
2 testify about the identity and owner of any debt that was	2 A. No, it is not.
3 originally between SK Foods Limited Partnership on the	3 Q. Is this a Moss Adams work paper?
4 one hand and any SK Foods related entity from New Zealand	4 A. I cannot testify to whose work paper it is,
5 or Australia on the other hand?	5 other than it is not a Stoughton Davidson, but to the
6 A. I'm not sure I quite understand that question.	6 best of my knowledge, it is a Moss Adams.
7 Q. Okay. I'm trying to broaden the topics. As	7 Q. Okay. Thank you.
8 you sit here today are you prepared to testify on behalf	8 The little notations on the side, there a
9 of Stoughton Davidson concerning who holds the notes	9 couple of Is in circles and then summation and another 1
10 payable or notes receivable as between SK Foods limited	10 in a circle. Are those Stoughton Davidson markings?
11 partnership on the one hand and notes that were	11 A. I don't believe so. Again, I believe this is
12 originally issued by or to any SK Foods related entity in	12 part of the Moss Adams work papers, and those 1s
13 Australia or New Zealand?	13 accumulate to the four million eight.
14 A. As of what time?	14 Q. Okay. Is this a document that you reviewed in
15 Q. As of any time.	15 preparation for your deposition today?
16 A. As of November 1st, 2006, I can testify as to	16 A. I did review it, yes.
17 what notes were transferred to the revocable trust. From	17 Q. And so, to the best of your knowledge, this is
18 that point forward, we have no knowledge as to what the	18 a document that Moss Adams used in coming up with the
19 revocable trust may or may not have done with those	19 amount of the net receivable, 18.2 million roughly, that
20 underlying assets.	20 appeared in the audited financial statements for 2007?
21 Q. Okay. So what can you tell us about the	21 A. That would be correct.
22 transfer of the notes on November 1st, 2006?	22 Q. Let me just see if I have --
23 A. SK Foods consolidated a number of accounts at	23 You testified at the beginning of your
24 that point in time, both receivables and payables to	24 deposition that you have both audit and tax experience.
25 foreign -- I'll use the term "affiliates,"	25 Is that right?

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<p style="text-align: right;">Page 58</p> <p>1 A. That would be correct.</p> <p>2 Q. All right. In your experience in your career</p> <p>3 having conducted audits, would you have -- let me back</p> <p>4 up.</p> <p>5 You've testified today that the information</p> <p>6 that you are aware of, that Stoughton Davidson is aware</p> <p>7 of, concerning the transfer of the Australian</p> <p>8 subsidiaries to the SKPM corp and the Scott Salyer trust,</p> <p>9 as well as the transfer of the debt, that your knowledge</p> <p>10 of those were based on the audited financial statements</p> <p>11 and work papers from Moss Adams. Is that accurate?</p> <p>12 A. That is correct.</p> <p>13 Q. In your experience as an auditor, in relying on</p> <p>14 previously audited financial statements, would it be a</p> <p>15 common practice to look to the underlying documents</p> <p>16 supporting various line items in previously audited</p> <p>17 financial statements?</p> <p>18 MR. NICHOLSON: I'm going to object because I</p> <p>19 think you're asking him an expert opinion there. I would</p> <p>20 instruct him to go ahead and answer it, but I don't want</p> <p>21 to go too far down the road here. He's not being paid as</p> <p>22 an expert witness.</p> <p>23 MR. LEWIS: Bank of Montreal, also objects,</p> <p>24 improper lay testimony.</p> <p>25 MR. NICHOLSON: You can go ahead and answer,</p>	<p style="text-align: right;">Page 60</p> <p>1 questions.</p> <p>2 MR. NUTI: I think I can -- have a couple</p> <p>3 questions of this witness, and then I think I might be</p> <p>4 done.</p> <p>5 EXAMINATION BY MR. NUTI</p> <p>6 Q. It's my understanding that the Moss Adams audit</p> <p>7 reflects a transfer of a loan or an amount receivable to</p> <p>8 the SSC&L trust. Is that correct?</p> <p>9 A. The audit and footnotes to that audit do not</p> <p>10 indicate who it was transferred to, but indicates it was</p> <p>11 transferred to a partner. Whether it was the SSCL trust</p> <p>12 or a Scott Salyer revocable trust, because the work</p> <p>13 papers only refer to capital S Salyer revocable trust. I</p> <p>14 don't know if that's the same trust that everybody refers</p> <p>15 to as the SSCL trust.</p> <p>16 Q. Well, you understand that there was two</p> <p>17 separate transactions reflected in that footnote, and one</p> <p>18 was a distribution of equity to the two partners?</p> <p>19 A. Correct.</p> <p>20 Q. One being SKPM corp, the other being the</p> <p>21 Scott Salyer Revocable trust?</p> <p>22 A. Okay.</p> <p>23 Q. Another aspect of the divestiture of the</p> <p>24 investments in the foreign entities was a divestiture of</p> <p>25 notes receivable from Australia and New Zealand, correct?</p>
<p style="text-align: right;">Page 59</p> <p>1 Mr. Dye.</p> <p>2 THE WITNESS: Could you repeat the question.</p> <p>3 BY MS. WOODRUFF:</p> <p>4 Q. Would it be a normal practice of you as an</p> <p>5 auditor, in your experience as an auditor, to ask to see</p> <p>6 the underlying documents supporting a specific line item</p> <p>7 and previously audited financial statements?</p> <p>8 A. If you're referring to the underlying legal</p> <p>9 documents that would be supportive of these or the</p> <p>10 transaction that included the transfers, not normally.</p> <p>11 Q. Okay. Under what circumstances would you ask</p> <p>12 to see, for example, the loan agreements between the</p> <p>13 various Cedenco entities and SK Foods if you were</p> <p>14 conducting the audit?</p> <p>15 MR. LEWIS: Objection. Improper lay testimony.</p> <p>16 THE WITNESS: Can you repeat.</p> <p>17 BY MS. WOODRUFF:</p> <p>18 Q. Under what circumstances? You said</p> <p>19 "previously," not "normally," so under what circumstances</p> <p>20 would you ask to see the underlying documents to support</p> <p>21 a transaction?</p> <p>22 A. I believe that the only time you might consider</p> <p>23 that would be is if something had come to your attention</p> <p>24 prior to your review of the prior auditor's work papers.</p> <p>25 MS. WOODRUFF: Okay. I have no further</p>	<p style="text-align: right;">Page 61</p> <p>1 A. Correct.</p> <p>2 MS. WOODRUFF: Objection. Misstates prior</p> <p>3 testimony, even this witness's prior testimony that it</p> <p>4 wasn't just notes receivable that were transferred to the</p> <p>5 trust.</p> <p>6 BY MR. NUTI:</p> <p>7 Q. And obligations that were transferred by SK</p> <p>8 Foods to a trust?</p> <p>9 A. To a revocable trust, right.</p> <p>10 Q. What is your understanding of the date of those</p> <p>11 transactions?</p> <p>12 A. According to the footnote, those transactions</p> <p>13 occurred November 1st, 2006.</p> <p>14 MR. NUTI: Will you mark that 70.</p> <p>15 (Exhibit 70 was marked for identification.)</p> <p>16 BY MR. NUTI:</p> <p>17 Q. Mr. Dye, can you take a look at what's been</p> <p>18 marked as Exhibit 70. The exhibit is a letter dated</p> <p>19 December 18, 2007, correct?</p> <p>20 A. That's correct.</p> <p>21 Q. And from the letter, it appears it is from</p> <p>22 Gary Perry, a lawyer for SK Foods, he also had other</p> <p>23 clients at the time, sending to Mr. Salyer what is</p> <p>24 referred to as two execution originals of each of the</p> <p>25 following documents. One is SSC&L 2007 trust with a</p>

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<p>1 request "Please sign as settlor and trustee where</p> <p>2 indicated by the SSC&L trust document.</p> <p>3</p> <p>4 that trust document signed by Mr. Salyer sometime between</p> <p>5 December 18th and the end of the year, suggesting that</p> <p>6 the SSC&L trust was formed in 2007.</p> <p>7 MR. NICHOLSON: Is there a question in there</p> <p>8 somewhere?</p> <p>9 MR. NUTI: Give me a second.</p> <p>10 Mark this as 71.</p> <p>11 (Exhibit 71 was marked for identification.)</p> <p>12 MR. CHRISTMAS: Do you have a copy for us?</p> <p>13 MR. NUTI: Sorry.</p> <p>14 BY MR. NUTI:</p> <p>15 Q. Have you had a chance to look at Document</p> <p>16 Number 71, Mr. Dye?</p> <p>17 A. Well, briefly.</p> <p>18 Q. Take your time.</p> <p>19 Can you tell me what this document appears to</p> <p>20 be?</p> <p>21 MR. NICHOLSON: Objection. The document speaks</p> <p>22 for itself, also compound.</p> <p>23 THE WITNESS: And I assume you're asking for a</p> <p>24 lay opinion?</p> <p>25 MR. NUTI: Of course.</p>	<p>1 BY MR. NUTI:</p> <p>2</p> <p>3</p> <p>4 audit?</p> <p>5 MR. NICHOLSON: Objection. Calls for improper</p> <p>6 lay opinion.</p> <p>7 MS. WOODRUFF: And objection, calls for a legal</p> <p>8 conclusion.</p> <p>9 THE WITNESS: Again, I don't know if there are</p> <p>10 other documents relating to this or not. It does</p> <p>11 indicate a difference in dates. That's all that I can</p> <p>12 gather for fact out of this.</p> <p>13 BY MR. NUTI:</p> <p>14 Q. Does it raise a question in your mind as you</p> <p>15 sit here today, and I assume seeing these for the first</p> <p>16 time, of the validity and the accuracy of Moss Adams</p> <p>17 audit?</p> <p>18 MR. NICHOLSON: Objection. Lacks foundation.</p> <p>19 THE WITNESS: Again, I'm not here to give an</p> <p>20 opinion as to validity and quality of the Moss Adams</p> <p>21 audit. I've never seen these documents before, I don't</p> <p>22 know whether documents might be involved to substantiate</p> <p>23 whatever they did.</p> <p>24 BY MR. NUTI:</p> <p>25 Q. In a vacuum, would this tend to make you</p>
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<p>1 THE WITNESS: It appears to be a debt</p> <p>2 assignment agreement.</p> <p>3 BY MR. NUTI:</p> <p>4 Q. You notice it's dated January 14, 2008?</p> <p>5 MS. WOODRUFF: Objection --</p> <p>6 MR. NICHOLSON: Objection. Vague and</p> <p>7 ambiguous.</p> <p>8 MS. WOODRUFF: Objection. Misstates the</p> <p>9 evidence. Objection. The document speaks for itself.</p> <p>10 THE WITNESS: The document itself does not have</p> <p>11 any date in 2008 on it.</p> <p>12 BY MR. NUTI:</p> <p>13 Q. The letter itself.</p> <p>14 A. The letter is dated January 14, 2008.</p> <p>15 Q. And the debt assignment purports to be first</p> <p>16 day of November, 2006 between the SSC&L 2007 trust, SK</p> <p>17 Foods, and Cedenco Foods Limited New Zealand company.</p> <p>18 If, in fact, the SSC&L trust was not formed</p> <p>19 until December, 2007, how is it that they could enter</p> <p>20 into an agreement dated the first of November, 2006?</p> <p>21 MS. WOODRUFF: Objection --</p> <p>22 THE WITNESS: I'm not here to give legal</p> <p>23 opinions and I have no answer to that question.</p> <p>24 MR. NICHOLSON: I'll join the objection, that's</p> <p>25 an incomplete hypothetical.</p>	<p>1 investigate further?</p> <p>2 MR. NICHOLSON: Objection. Improper lay</p> <p>3 opinion.</p> <p>4 THE WITNESS: In a vacuum, yes, I might</p> <p>5 investigate further.</p> <p>6 MR. NUTI: Thank you. I don't have any</p> <p>7 questions.</p> <p>8 EXAMINATION BY MR. DREHER</p> <p>9 Q. Just a quick follow-up question.</p> <p>10 Mr. Dye, I believe you testified that your</p> <p>11 firm's understanding of the purported November 1st, 2006</p> <p>12 transfer of the ownership of the Australian subsidiary</p> <p>13 out of SK Foods LP is based on the Moss Adams 2007 audit.</p> <p>14 Is that correct?</p> <p>15 MR. NICHOLSON: Objection. Vague and</p> <p>16 ambiguous, compound, misstated the evidence also.</p> <p>17 BY MR. DREHER:</p> <p>18 Q. Do you understand my question?</p> <p>19 A. I believe so. Our understanding of that</p> <p>20 transaction is based on Moss Adams' audit and work papers</p> <p>21 provided that are included in these documents produced.</p> <p>22 Q. Thank you, and that's my clarification</p> <p>23 question, because I've heard you use the term "work</p> <p>24 papers" a few times over the past hour. What do you mean</p> <p>25 when you say "work papers"? What are you referring to?</p>

17 (Pages 62 to 65)

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<p style="text-align: right;">Page 66</p> <p>1 A. In performing an audit, to validate any account 2 you create work papers that support them. Some of these 3 documents here, for example, Exhibit 69 is presumably a 4 work paper. Something like that would validate the 5 18,262,000. 6 MR. NICHOLSON: On a lighter note, I also add 7 he's been answering questions for more than an hour. 8 BY MR. DREHER: 9 Q. Just to put the final point of clarification on 10 it, then, have you or your firm ever seen any work papers 11 supporting the purported November 1st, 2006 transfer of 12 the equity of the Australian subsidiary out of SK Foods 13 LP? 14 A. I believe so. 15 Q. Do you know if you've produced those documents? 16 A. I believe so. 17 Q. Can you show them to me? 18 A. If you go to our production, under SD000030 19 there is an adjusting journal entry there, number 35. 20 MR. CHRISTMAS: For clarification, which 21 production are you looking at? Does it have the space 22 between the numbers or not? 23 THE WITNESS: Our production, does not have a 24 space. 25 MR. NUTI: I'm sorry. It was number 30?</p>	<p style="text-align: right;">Page 68</p> <p>1 Mr. Dye? 2 A. I do. 3 Q. Just explain to me where on this work paper in 4 your mind that transfer is demonstrated or described? 5 MS. WOODRUFF: Objection. Vague and ambiguous 6 as to "that transfer." 7 THE WITNESS: At the bottom of the extended 8 column you will see in all capital letters "Investment in 9 SK Foods LLC, Investment in SK Foods Australia." To the 10 right of those is an amount for SK Foods LLC, \$2,840,124. 11 To the right of Investment in SK Foods 12 Australia is the amount of 2,040,882. 13 You'll note that there are circled number 1s 14 next to those. Those are used to accumulate, and down 15 below you will see an amount of \$4,881,006, and to the 16 left of that it says "Less investment distributed to the 17 partners." Okay? 18 If you'll then go to SD000030, you will see on 19 adjusting journal entry number 35 in the credit column a 20 4,881,006 amount taking off the investment in SK Foods 21 Australia as one line item for that amount, and debiting 22 the two capital accounts, one for S. Salyer revocable 23 trust, and the other capital account of SKPM Corp with a 24 description to distribute partnership interests. 25 Q. Okay. Do you know who prepared, I believe you</p>
<p style="text-align: right;">Page 67</p> <p>1 THE WITNESS: Correct. 2 BY MR. DREHER: 3 Q. Okay. Specifically referring -- well, let me 4 ask you this before I ask you any further questions about 5 SD000030. 6 Is there any other work paper that you can 7 identify that also reflects or supports that transfer? 8 A. SD000027. 9 MS. WOODRUFF: Which, for the record, was 10 previously marked as... 11 THE WITNESS: Exhibit 69. 12 MS. WOODRUFF: Correct. 13 BY MR. DREHER: 14 Q. Are there any other documents that are work 15 papers that in your mind support or evidence that 16 transfer? 17 A. Well, there may be but these two adequately 18 support it in my mind. 19 Q. Looking at what's been marked as Exhibit 27, 20 which is -- 21 MR. NICHOLSON: I think it's actually marked 22 Exhibit 69. It's Document 27. 23 MR. DREHER: You're correct. 24 BY MR. DREHER: 25 Q. Exhibit 69, do you have that in front of you,</p>	<p style="text-align: right;">Page 69</p> <p>1 were already asked this question on SD 69, but going back 2 and asking you about SD000030, do you know who prepared 3 that work paper? 4 A. I cannot tell you who prepared it. 5 Q. Okay. Sorry to jump around. Jumping back to 6 SD 69 on the top left, at least on my copy, there's what 7 appears to be the stamped letters PBC. Do you see that? 8 A. I do. 9 Q. What do you think that means? 10 A. Are you asking me to speculate? 11 MR. NICHOLSON: Objection. Calls for 12 speculation. 13 THE WITNESS: I would assume and guess that it 14 means Prepared By Client. 15 BY MR. DREHER: 16 Q. Why would you make that assumption? 17 A. Because that's the same initials we put on when 18 a document is prepared by a client during our audits. 19 Q. Do you believe that Exhibit 69 is something 20 that was prepared by SK Foods? 21 A. I have no idea who prepared it. 22 Q. Does your firm, or I guess if you know, Moss 23 Adams, but is it typical when an accounting firm is 24 auditing the financial statements of a company or a 25 business organization, is it typical for the accounting</p>

18 (Pages 66 to 69)

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SCOTT DYE - 8/16/2011

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<p>1 firm or for the client to prepare adjusting journal</p> <p>2</p> <p>3</p> <p>4 opinion.</p> <p>5 THE WITNESS: It's not typical either way.</p> <p>6 BY MR. DREHER:</p> <p>7 Q. Okay. Could be either?</p> <p>8 A. Could be either.</p> <p>9 Q. In your experience?</p> <p>10 A. Correct.</p> <p>11 MR. DREHER: I don't have any other questions.</p> <p>12 MR. CHRISTMAS: Just a couple of questions.</p> <p>13 FURTHER EXAMINATION BY MR. CHRISTMAS</p> <p>14 Q. In the Stoughton Davidson audit file do you</p> <p>15 know if there are work papers supporting the intercompany</p> <p>16 loan balance that's shown in the financial statements</p> <p>17 prepared by Stoughton Davidson?</p> <p>18 MR. NICHOLSON: Objection. Vague and</p> <p>19 ambiguous.</p> <p>20 MS. WOODRUFF: Which exhibit are you referring</p> <p>21 to?</p> <p>22 MR. CHRISTMAS: I'm just asking him about the</p> <p>23 financial statements, without directing him to them.</p> <p>24 THE WITNESS: I believe your Exhibit 38 is</p> <p>25 responsive to that question.</p>	<p>1 BY MR. CHRISTMAS:</p> <p>2</p> <p>3</p> <p>4 June 30, 2008 to give effect of that transaction that</p> <p>5 were not posted in the prior year?</p> <p>6 MR. NICHOLSON: Objection. Improper lay</p> <p>7 opinion.</p> <p>8 BY MR. CHRISTMAS:</p> <p>9 Q. I'm asking for the fact of that. Do you know</p> <p>10 if there were?</p> <p>11 A. I don't believe there were any journal entries</p> <p>12 posted for that note or the investments which had already</p> <p>13 been distributed.</p> <p>14 Q. And you're basing that understanding on what?</p> <p>15 A. The fact that the note balance, 18,262,000</p> <p>16 stayed the same. There was no change in that number.</p> <p>17 And the other investments had already been cleared off</p> <p>18 the books.</p> <p>19 Q. Do you know if the client had to address any</p> <p>20 adjusting journal entries in its books to give effect to</p> <p>21 that distribution of the equity?</p> <p>22 MS. WOODRUFF: Objection. Calls for</p> <p>23 speculation, lacks foundation.</p> <p>24 THE WITNESS: Not during the 6/30/2008 audit,</p> <p>25 no. I don't believe were anything -- I believe that was</p>
Page 71	Page 73
<p>1 BY MR. CHRISTMAS:</p> <p>2 Q. And does Exhibit 38 indicate what underlying</p> <p>3 documents were reviewed by Stoughton Davidson to verify</p> <p>4 the intercompany loan balance?</p> <p>5 MR. NICHOLSON: Objection. Document speaks for</p> <p>6 itself.</p> <p>7 THE WITNESS: Which I would agree with</p> <p>8 Mr. Nicholson's comment.</p> <p>9 BY MR. CHRISTMAS:</p> <p>10 Q. I'm just asking what you know.</p> <p>11 A. It's in the legend as to what was done to</p> <p>12 satisfy him that that was a valid number, the tick mark</p> <p>13 legend.</p> <p>14 Q. Do you know if any procedures were followed by</p> <p>15 Stoughton Davidson in creating the financial statements</p> <p>16 for June 30, 2008, to give effect to the alleged</p> <p>17 distribution of equity to the partners of the Australian</p> <p>18 and New Zealand entities?</p> <p>19 MR. NICHOLSON: Objection. Vague and</p> <p>20 ambiguous.</p> <p>21 THE WITNESS: The answer is I would understand</p> <p>22 it was that transaction took place before this year, and</p> <p>23 therefore would not have any impact to these audit</p> <p>24 financial statements.</p> <p>25 ///</p>	<p>1 all done prior.</p> <p>2 BY MR. CHRISTMAS:</p> <p>3 Q. But your question implies that you know from</p> <p>4 having worked on the audit, and I thought you had no</p> <p>5 involvement in the audit?</p> <p>6 MR. NICHOLSON: Objection. Misstates his</p> <p>7 testimony.</p> <p>8 THE WITNESS: My testimony relates to my review</p> <p>9 of these documents, such as this one you provided me</p> <p>10 today, showing no entries made to that account.</p> <p>11 BY MR. CHRISTMAS:</p> <p>12 Q. But your knowledge of that is only based on the</p> <p>13 document production. Is that correct?</p> <p>14 A. That's correct. I did not work on the audit.</p> <p>15 Q. Right, and you did not look at the audit file</p> <p>16 to prepare for this examination?</p> <p>17 A. I did not.</p> <p>18 MS. WOODRUFF: Sorry, I'm going to object on</p> <p>19 that that it misstates the testimony, because the witness</p> <p>20 testified that he prepared for this deposition by</p> <p>21 reviewing documents and talking to Ms. Garone.</p> <p>22 MR. CHRISTMAS: Well, the testimony speaks for</p> <p>23 itself. I think that mischaracterizes it as well.</p> <p>24 Nothing.</p> <p>25 MR. NICHOLSON: I just have a couple questions.</p>

19 (Pages 70 to 73)

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SCOTT DYE - 8/16/2011

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<p>1 EXAMINATION BY MR. NICHOLSON</p> <p>2 Q. Mr. Dye, if I can refer you all the way back to</p> <p>3 Exhibit 1, which it starts with a Notice of Deposition</p> <p>4 heading, and I apologize there are no Bates-stamped pages</p> <p>5 on this exhibit, but if you flip back to what is page --</p> <p>6 starts at page 6 and overlaps onto page 7 of the combined</p> <p>7 designation of matters for testimony pursuant to Federal</p> <p>8 Rules Procedure 30(b)(6).</p> <p>9 Did you have occasion to read these categories</p> <p>10 during one of the breaks today?</p> <p>11 A. Yes, I did.</p> <p>12 Q. Do you believe that you are the person most</p> <p>13 knowledgeable at Stoughton Davidson to testify about the</p> <p>14 categories listed here?</p> <p>15 A. I believe there is no one in the firm that has</p> <p>16 any more knowledge than I have transferred to the parties</p> <p>17 asking questions today than I do.</p> <p>18 Q. And just to be clear, I'm referring to all</p> <p>19 matters for examination between paragraphs -- starts with</p> <p>20 number 1 and goes all the way down to 13 on page 7.</p> <p>21 If I understood your testimony, you believe you</p> <p>22 are the person most knowledgeable at Stoughton Davidson</p> <p>23 regarding these matters?</p> <p>24 A. Yes.</p> <p>25 MR. NICHOLSON: No further questions.</p>	<p>1 STATE OF CALIFORNIA)</p> <p>2)</p> <p>3 COUNTY OF FRESNO)</p> <p>4 I, AMANDA SCOTT, Certified Shorthand Reporter</p> <p>5 licensed in the State of California, License No. 13226,</p> <p>6 do hereby certify that the foregoing proceedings was</p> <p>7 reported by me and was thereafter transcribed under my</p> <p>8 direction into typewriting; that the foregoing is a full,</p> <p>9 complete and true record of said proceeding.</p> <p>10 I further certify that I am not of counsel or</p> <p>11 attorney for either or any of the parties in the</p> <p>12 foregoing proceeding and caption named, or in any way</p> <p>13 interested in the outcome of the cause named in said</p> <p>14 caption.</p> <p>15 In witness whereof, I have hereunto set my hand</p> <p>16 and affixed my seal this day.</p> <p>17 Date: August 25, 2011</p> <p>18</p> <p>19</p> <p>20</p> <p>21</p> <p>22 AMANDA SCOTT, CSR #13226</p> <p>23</p> <p>24</p> <p>25</p>
<p>Page 75</p> <p>1 (The deposition of SCOTT DYE was concluded at</p> <p>2 4:43 p.m.)</p> <p>3</p> <p>4</p> <p>5 ---oOo---</p> <p>6 I declare under penalty of perjury under the</p> <p>7 laws of the State of California that the foregoing is</p> <p>8 true and correct.</p> <p>9 Executed at , California on ,</p> <p>10 2011.</p> <p>11</p> <p>12</p> <p>13</p> <p>14</p> <p>15</p> <p>16</p> <p>17</p> <p>18</p> <p>19</p> <p>20</p> <p>21</p> <p>22</p> <p>23</p> <p>24</p> <p>25</p> <p>SCOTT DYE</p>	

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EXHIBIT 120

Re: Year End Statement

Subject: Re: Year End Statement

From: Scott Salyer <fscott.salyer@gmail.com>

Date: Thu, 14 Jan 2010 14:02:32 -0800

To: [REDACTED]

[REDACTED]

Thank You .

Scott

On Thu, Jan 14, 2010 at 4:57 AM, [REDACTED] wrote:

Dear Scott,

Please find enclosed the year end statement.

Kind regards,

[REDACTED]

--

Jetzt kostenlos herunterladen: Internet Explorer 8 und Mozilla Firefox 3.5 -
sicherer, schneller und einfacher! <http://portal.gmx.net/de/go/chbrowser>

--

Scott Salyer

SWIFT-CODE: [REDACTED]

05/01/2010 / 16:46:17

Customer nr. [REDACTED]
Customer name Fast Falcon LLC
Valuation currency USD

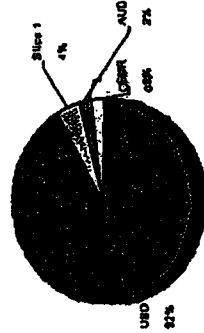
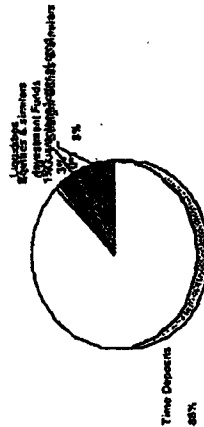
PORTFOLIO VALUATION

on the 31/12/2009

Customer nr. [REDACTED]
Customer name Fast Falcon LLC
Valuation currency USD
SWIFT-CODE: [REDACTED]
Page 1
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**** Portfolio Valuation on the 31/12/2009 ****

Portfolio summary						
Instrument	AUD	CHF	EUR	USD	USD	TOTAL USD
Liquidities				2,124	2,124	2,124
Straight Bonds & similars	83,994		37,409	50,267	369,977	369,977
Time Deposits				3,838,000	3,838,000	3,838,000
Equities & similars		19,338	15,408		40,740	40,740
Investment Funds			20,064	112,497	141,236	141,236
Guarantees/letter of cred			-50,000	-50,000	0	0
TOTAL	83,994	19,338	22,889	3,952,888	4,382,077	4,382,077
Instrument group						
Currency group						



The documented individual items, balances, conditions etc. shall be deemed to have been approved, unless an objection is raised in writing within 4 weeks from receipt thereof.

Foreign Exchange Rate Used:
AUD=0.8987 / CHF=1.0358 / EUR=1.4323 / NOK=5.7849 / ZAR=7.3861

Customer nr. [REDACTED] SWIFT-CODE: [REDACTED]
Customer name Fast Falcon LLC Page 2
Valuation currency USD 05/01/2010 / 16:48:17
**** Portfolio Valuation on the 31/12/2009 ****

SHORT TERM INVESTMENTS : ACCOUNTS

--- Liquidities

CURRENCY	AMOUNT	DESCRIPTION	Maturity date	MARKET VALUE IN USD	%
USD	2,123.95	Current account		2,123.95	0.05%
TOTAL Liquidities				2,123.95	
Total SHORT TERM INVESTMENTS : ACCOUNTS				2,123.95	

OBLIGATIONEN

--- Straight Bonds & similars

CURRENCY		Nominal	DESCRIPTION	TITLE	COST FX	CURRENCY	ACTUAL PRICE	PROFIT/LOSS	ACCR. INTEREST(Incl. Interest)	MARKET VALUE IN USD	%
EUR		35,000.00		100.13 %	1.5302		100.1400 %		232.08	53,581.97	1.22%
France								0.01 %			
AUD		40,000.00		101.93 %	0.9178		101.6450 %		228.50	36,768.69	0.83%
United States								-0.28 %			

The documented individual items, balances, conditions etc. shall be deemed to have been approved, unless an objection is raised in writing within 4 weeks from receipt thereof.

SWIFT-CODE: [REDACTED]

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05/01/2010 / 16:46:17

***** Portfolio Valuation on the 31/12/2009 *****

Customer nr. [REDACTED]
Customer name Fast Falcon LLC
Valuation currency USD

CURRENCY	Nominal	DESCRIPTION	COST FX		ACTUAL PRICE		MARKET VALUE IN USD		%
			TITLE	CURRENCY	PROFIT/LOSS	ACCR. INTEREST (incl. Interest)			
AUD	40,000.00	[REDACTED]	103.74 %	0.9178	103.2250 %	1,610.31	38,718.49	0.85%	
France	[REDACTED]	[REDACTED]			-0.5 %				
		[REDACTED]							
USD	50,000.00	[REDACTED]	101.15 %		100.0000 %	268.67	50,268.67	1.14%	
Austria	[REDACTED]	[REDACTED]			-1.13 %				
		[REDACTED]							
NOK	250,000.00	[REDACTED]	99.97 %	5.7032	99.0550 %	520.06	43,253.77	0.98%	
Norway	[REDACTED]	[REDACTED]			-0.91 %				
		[REDACTED]							
NOK	250,000.00	[REDACTED]	101.89 %	5.7032	101.2300 %	1,087.40	44,759.43	1.00%	
Luxembourg	[REDACTED]	[REDACTED]			-0.65 %				
		[REDACTED]							
ZAR	300,000.00	[REDACTED]	100.82 %	7.4507	100.4260 %	4,326.54	45,118.11	0.93%	
United States	[REDACTED]	[REDACTED]			-0.38 %				
		[REDACTED]							
ZAR	350,000.00	[REDACTED]	99.02 %	7.4507	98.9380 %	629.01	47,512.20	1.07%	
Luxembourg	[REDACTED]	[REDACTED]			-0.08 %				
		[REDACTED]							

The documented individual items, balances, conditions etc. shall be deemed to have been approved, unless an objection is raised in writing within 4 weeks from receipt thereof.

Customer nr.
Customer name
Valuation currency

Fast Falcon LLC
USD

SWIFT-CODE:

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**** Portfolio Valuation on the 31/12/2009 ****

TOTAL Straight Bonds & similars		8,900.57	359,977.33
Total OBLIGATIONEN		8,900.57	359,977.33

SHORT TERM INVESTMENTS: < 1 YEAR

--- Time Deposits

CURRENCY	AMOUNT	DESCRIPTION	COST FX CURRENCY	ACCR. INTEREST	MARKET VALUE IN USD (incl. Interest)	%
USD	3,838,000.00	VOLKSBANK AG		0.00	3,838,000.00	87.58%
		16/09/2009 - 2 days to / towards / at 0.125%				
TOTAL Time Deposits		3,838,000.00				

Total SHORT TERM INVESTMENTS: < 1 YEAR

3,838,000.00

STOCKS

--- Equities & similars

CURRENCY	QUANTITY	DESCRIPTION	TITLE	COST FX CURRENCY	ACTUAL PRICE	MARKET VALUE IN USD	%
CHF	110.00	ROCHE HOLDING AG	167.70	0.9844	175.8000	18,670.53	0.43%
Switzerland					4.83 %		

The documented individual items, balances, conditions etc. shall be deemed to have been approved, unless an objection is raised in writing within 4 weeks from receipt thereof.

Customer nr. [REDACTED]
Customer name Fast Falcon LLC
Valuation currency USD

SWIFT-CODE: [REDACTED]

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05/01/2010 / 16:46:17

**** Portfolio Valuation on the 31/12/2009 ****

CURRENCY	QUANTITY DESCRIPTION	COST FX		ACTUAL PRICE	MARKET VALUE	
		TITLE	CURRENCY		IN USD	%
EUR	870.00 [REDACTED]	16.98	1.5345	17.7100	22,069.12	0.50%
Italy	[REDACTED]			4.42 %		
TOTAL Equities & similars						40,739.65
Total STOCKS						40,739.65

INVESTMENT FUNDS

--- Investment Funds

CURRENCY	QUANTITY DESCRIPTION	COST FX		ACTUAL PRICE	MARKET VALUE	
		TITLE	CURRENCY		IN USD	%
EUR	200.00 [REDACTED]	96.34	1.5013	100.3200	28,736.54	0.66%
Luxembourg	[REDACTED]			4.13 %		
USD	310.00 [REDACTED]	91.30		94.0800	29,164.80	0.67%
Luxembourg	[REDACTED]			3.04 %		
USD	230.00 [REDACTED]	126.60		131.9400	30,346.20	0.69%
Luxembourg	[REDACTED]			4.22 %		
USD	280.00 [REDACTED]	99.61		99.0800	27,736.80	0.63%
Luxembourg	[REDACTED]			-0.55 %		
USD	16.00 [REDACTED]	1,882.63		1,883.2900	25,249.35	0.58%
Switzerland	[REDACTED]			-10.59 %		

The documented individual items, balances, conditions etc. shall be deemed to have been approved, unless an objection is raised in writing within 4 weeks from receipt thereof.

Customer nr.
Customer name
Valuation currency

Fast Falcon LLC
USD

SWIFT-CODE:

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**** Portfolio Valuation on the 31/12/2009 ****

TOTAL Investment Funds		141,235.69
Total INVESTMENT FUNDS		141,235.69

POSSIBLE LIABILITIES

--- Guarantees/letter of cred

CURRENCY	AMOUNT	DESCRIPTION	Maturity date	MARKET VALUE IN USD	%
EUR	-50,000.00	Kartengarantie	31/12/2009	N/A	0.00%
USD	-50,000.00	Kartengarantie	31/12/2009	N/A	0.00%
TOTAL Guarantees/letter of cred					

Total POSSIBLE LIABILITIES

Total assets excluding accrued interest	4,373,176.05
Total accrued interest	8,900.57
TOTAL ASSETS INCLUDING ACCRUED INTEREST	4,382,076.62

The documented individual items, balances, conditions etc. shall be deemed to have been approved, unless an objection is raised in writing within 4 weeks from receipt thereof.